

**TOWNSHIP OF GERRISH
ROSCOMMON COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2004**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Gerrish Township	County Roscommon
Audit Date 3/31/04	Opinion Date 7/7/04	Date Accountant Report Submitted to State: 9/17/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson & Decker, P.C.			
Street Address P.O. Box 746	City Roscommon	State MI	ZIP 48653
Accountant Signature		Date 9/17/04	

TOWNSHIP OFFICIALS

Supervisor

James Smith

Clerk

Norma Boyle

Treasurer

Rebecca Ragan

TRUSTEES

Jim Lippert

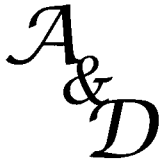
Herbert Weatherly

TOWNSHIP OF GERRISH

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Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

July 7, 2004

Township Board
Gerrish Township
Roscommon County, Michigan

We have audited the general purpose financial statements of the Township of Gerrish, County of Roscommon as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Gerrish, County of Roscommon, at March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated July 7, 2004, on our consideration of Gerrish Township's internal control over financial reporting and our test of its compliance with certain provision of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and individual fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Township of Gerrish, County of Roscommon. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF GERRISH
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS			
Cash and investments	\$ 191,204	\$ 606,782	\$ 115,596
Taxes receivable	348,114	1,099,483	-0-
Accounts receivable	-0-	5,338	-0-
Interest receivable	1,204	-0-	-0-
Due from other funds	14,333	78,201	-0-
Amount to be provided for retirement of long-term debt	-0-	-0-	-0-
Property, plant and equipment	-0-	-0-	-0-
Total Assets	<u>\$ 554,855</u>	<u>\$1,789,804</u>	<u>\$ 115,596</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 1,515	\$ 11,969	\$ -0-
Due to other funds	78,201	14,333	-0-
Bonds payable	-0-	-0-	-0-
Undistributed collections	-0-	-0-	-0-
Total Liabilities	<u>79,716</u>	<u>26,302</u>	<u>-0-</u>
Fund Equity:			
Investment in general fixed assets	-0-	-0-	-0-
Designated for capital projects	-0-	-0-	115,596
Fund balance - Undesignated	<u>475,139</u>	<u>1,763,502</u>	<u>-0-</u>
Total Fund Equity	<u>475,139</u>	<u>1,763,502</u>	<u>115,596</u>
Total Liabilities and Fund Equity	<u>\$ 554,855</u>	<u>\$1,789,804</u>	<u>\$ 115,596</u>

See Accompanying Notes to Financial Statements

Fiduciary Fund Type	Account Groups		Total (Memorandum (Only))
Agency	General Fixed Assets	General Long-Term Debt	
\$ 1,375,401	\$ -0-	\$ -0-	\$ 2,288,983
-0-	-0-	-0-	1,447,597
-0-	-0-	-0-	5,338
-0-	-0-	-0-	1,204
-0-	-0-	-0-	92,534
-0-	-0-	390,000	390,000
-0-	2,725,812	-0-	2,725,812
<u>\$ 1,375,401</u>	<u>\$ 2,725,812</u>	<u>\$ 390,000</u>	<u>\$ 6,951,468</u>
\$ -0-	\$ -0-	\$ -0-	\$ 13,484
-0-	-0-	-0-	92,534
-0-	-0-	390,000	390,000
<u>1,375,401</u>	<u>-0-</u>	<u>-0-</u>	<u>1,375,401</u>
<u>1,375,401</u>	<u>-0-</u>	<u>390,000</u>	<u>1,871,419</u>
-0-	2,725,812	-0-	2,725,812
-0-	-0-	-0-	115,596
-0-	-0-	-0-	2,238,641
-0-	2,725,812	-0-	5,080,049
<u>\$ 1,375,401</u>	<u>\$ 2,725,812</u>	<u>\$ 390,000</u>	<u>\$ 6,951,468</u>

TOWNSHIP OF GERRISH
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2004

Governmental Fund Types			
	General	Special Revenue	Capital Projects
Revenues:			
Taxes and assessments	\$ 348,251	\$ 1,099,752	\$ -0-
Intergovernmental	222,655	1,519	-0-
Charges for services	13,389	81,418	-0-
Licenses and permits	68,023	-0-	-0-
Interest	626	14,900	3,837
Other	17,413	11,783	-0-
Total Revenues	670,357	1,209,372	3,837
Expenditures:			
General government	349,248	-0-	-0-
Fire	-0-	435,526	-0-
Law enforcement	-0-	438,506	-0-
Cemetery	-0-	5,673	-0-
Sanitation	-0-	241,778	-0-
Road projects	171,616	-0-	-0-
Inspection	74,659	-0-	-0-
Recreation	11,617	-0-	-0-
Debt service:			
Principal	-0-	-0-	15,000
Interest and fees	-0-	-0-	21,294
Total Expenditures	607,140	1,121,483	36,294
Excess:			
Revenue over (under) expenditures	63,217	87,889	(32,457)
Other financing sources (uses):			
Operating transfers in	-0-	-0-	91,003
Operating transfers (out)	(55,844)	(35,159)	-0-
Total Other Financing Sources (Uses)	(55,844)	(35,159)	91,003
Excess:			
Revenue and other financing sources over (under) expenditures and other Uses	7,373	52,730	58,546
Fund Balance - April 1	467,766	1,710,772	57,050
Fund Balance - March 31	\$ 475,139	\$ 1,763,502	\$ 115,596

Totals
(Memorandum
(Only))

\$ 1,448,003
224,174
94,807
68,023
19,363
29,196

1,883,566

349,248
435,526
438,506
5,673
241,778
171,616
74,659
11,617
15,000
21,294

1,764,917

118,649

91,003
(91,003)

-0-

118,649

2,235,588

\$ 2,354,237

See accompanying notes to financial statements

TOWNSHIP OF GERRISH
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes and assessments	\$ 210,921	\$ 348,251	\$ 137,330
Intergovernmental	236,605	222,655	(13,950)
Charges for services	5,650	13,389	7,739
Licenses and permits	70,000	68,023	(1,977)
Interest	7,000	626	(6,374)
Other	<u>148,669</u>	<u>17,413</u>	<u>(131,256)</u>
Total Revenues	<u>678,845</u>	<u>670,357</u>	<u>(8,488)</u>
Expenditures:			
General government	455,774	349,248	106,526
Fire	-0-	-0-	-0-
Law enforcement	-0-	-0-	-0-
Cemetery	-0-	-0-	-0-
Sanitation	-0-	-0-	-0-
Road projects	173,604	171,616	1,988
Building administration	78,320	74,659	3,661
Recreation	<u>18,500</u>	<u>11,617</u>	<u>6,883</u>
Total Expenditures	<u>726,198</u>	<u>607,140</u>	<u>119,058</u>
Excess:			
Revenue over (under) expenditures	<u>(47,353)</u>	<u>63,217</u>	<u>110,570</u>
Other financing sources (uses):			
Operating transfers in	-0-	-0-	-0-
Operating transfers out	<u>(55,844)</u>	<u>(55,844)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(55,844)</u>	<u>(55,844)</u>	<u>-0-</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other uses	<u>(103,197)</u>	<u>7,373</u>	<u>110,570</u>
Fund Balance - April 1	<u>467,766</u>	<u>467,766</u>	<u>-0-</u>
Fund Balance - March 31	<u>\$ 364,569</u>	<u>\$ 475,139</u>	<u>\$ 110,570</u>

See Accompanying Notes to Financial Statements

Special Revenue Funds			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,172,379	\$ 1,099,752	\$ (72,627)	\$ 1,383,300	\$ 1,448,003	\$ 64,703
1,200	1,519	319	237,805	224,174	(13,631)
98,400	81,418	(16,982)	104,050	94,807	(9,243)
-0-	-0-	-0-	70,000	68,023	(1,977)
14,300	14,900	600	21,300	15,526	(5,774)
11,425	11,783	358	160,094	29,196	(130,898)
<u>1,297,704</u>	<u>1,209,372</u>	<u>(88,332)</u>	<u>1,976,549</u>	<u>1,879,729</u>	<u>(96,820)</u>
-0-	-0-	-0-	455,774	349,248	106,526
798,074	435,526	362,548	798,074	435,526	362,548
547,550	438,506	109,044	547,550	438,506	109,044
74,945	5,673	69,272	74,945	5,673	69,272
376,280	241,778	134,502	376,280	241,778	134,502
-0-	-0-	-0-	173,604	171,616	1,988
-0-	-0-	-0-	78,320	74,659	3,661
-0-	-0-	-0-	18,500	11,617	6,883
<u>1,796,849</u>	<u>1,121,483</u>	<u>675,366</u>	<u>2,523,047</u>	<u>1,728,623</u>	<u>794,424</u>
(499,145)	87,889	587,034	(546,498)	151,106	697,604
-0-	-0-	-0-	-0-	-0-	-0-
(25,000)	(35,159)	(10,159)	(80,844)	(91,003)	(10,159)
(25,000)	(35,159)	(10,159)	(80,844)	(91,003)	(10,159)
(524,145)	52,730	576,875	(627,342)	60,103	687,445
<u>1,710,772</u>	<u>1,710,772</u>	<u>-0-</u>	<u>2,178,538</u>	<u>2,178,538</u>	<u>-0-</u>
<u>\$ 1,186,627</u>	<u>\$ 1,763,502</u>	<u>\$ 576,875</u>	<u>\$ 1,551,196</u>	<u>\$ 2,238,641</u>	<u>\$ 687,445</u>

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE A: ENTITY

The Township of Gerrish is a general law township of the state of Michigan located in Roscommon County, Michigan. It operates under an elected board and provides services to its residents in many areas including liquor law enforcement, community enrichment, and human services. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present the Township of Gerrish (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Gerrish conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Fund Accounting - The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three generic fund types and two account groups, as follows:

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, interest, and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

FIDUCIARY FUNDS

Agency - These funds are used to account for assets held in trust or as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ACCOUNT GROUPS

General Fixed Assets Account Group - This account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

BASIS OF ACCOUNTING - The modified accrual basis of accounting is used by all governmental funds and agency funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related fund liability is incurred. Modifications from the accrual basis are as follows:

a. Property tax revenue are recognized as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 15 with the final collection date of February 28 before they are added to the county delinquent tax rolls. All taxes levied on December 1, 2003 are recorded as revenue in the current year. Unpaid taxes are recorded as receivables of the respective fund.

- b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- c. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- d. Normally, expenditures are not divided between years by the recording of prepaid expenses.

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year.

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost, or donated, fair market value. Expenditures which materially extend the useful life of existing properties or equipment are capitalized. Certain governmental improvements, including roads, bridges and drains are not capitalized. General fixed assets are recorded as expenditures at the time of purchase.

NOTE C - CASH AND INVESTMENTS

The balance sheet accounts and types of cash items are presented below:

<u>Balance Sheet Accounts</u>	<u>Amount</u>	<u>Cash Items</u>	<u>Amount</u>
Cash and investments	\$ 2,288,983	Petty Cash	\$ 200
		Checking and Savings Account	154,050
		Investments	<u>2,134,733</u>
Total	<u>\$ 2,288,983</u>	Total	<u>\$ 2,288,983</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$154,050 and the bank balance was \$140,738. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 92% of the total bank balance was covered by federal depository insurance.

The Government Accounting Standards Board Statement No. 3 risk disclosures for Gerrish Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 100,000	\$ 129,216
Uninsured and Uncollateralized	<u>54,050</u>	<u>11,522</u>
Total Deposits	<u>\$ 154,050</u>	<u>\$ 140,738</u>

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Investments - Act 217, PA 1982, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

All of the Township's investments totaling \$2,134,733 were in the Bank One Trust which are made up of U.S. Treasury, Agencies, and instrumentalities, commercial paper, banker's acceptances and repurchase agreements.

NOTE D - PROPERTY AND EQUIPMENT

A schedule of changes in general fixed assets is as follows:

	<u>Balance</u> <u>April 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>March 31</u>
Land	\$ 10,000	\$ -0-	\$ -0-	\$ 10,000
Building	852,987	119,551	-0-	972,538
Equipment & Vehicles	1,738,056	24,918	19,700	1,743,274
	<u>\$ 2,601,043</u>	<u>\$ 144,469</u>	<u>\$ 19,700</u>	<u>\$ 2,725,812</u>

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE E - PENSION PLAN

The Township has a pension plan covering substantially all of its elected and appointed officials and employees. The plan is maintained with the Variable Annuity Life Insurance Company. Total pension expense for the year was \$37,545. The plan provides fully insured pension credits and each year's contributions sufficient to fully fund the benefits earned during the year. Payments to the plan have been used to purchase pension benefits, so there are no separate plan assets.

NOTE F - LONG-TERM DEBT

The following is a summary of the debt outstanding of the Township as of March 31, 2004:

	<u>No. of Issues</u>	<u>Interest Rate %</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
1998 Building Authority Bonds	1	5.1 to 7.0%	2018	<u>\$ 390,000</u>

CHANGES IN LONG-TERM DEBT

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
General Long-term Debt	<u>\$ 405,000</u>	<u>\$ -0-</u>	<u>\$ 15,000</u>	<u>\$ 390,000</u>

ANNUAL DEBT SERVICE REQUIREMENTS:

<u>Year Ending March 31,</u>	
2005	\$ 34,794
2006	33,744
2007	32,722
2008	36,765
2009	35,835
2010-2018	<u>391,691</u>
	565,551
Less Interest	<u>(175,551)</u>
Total Principal Outstanding	<u>\$ 390,000</u>

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE F - LONG-TERM DEBT (CONTINUED)

1998 Building Authority Bonds

On February 10, 1998, the Township formed a building authority to provide for the acquisition and construction of certain public buildings, parking lots, or other sites used for the Township. During the year ended March 31, 2000, the Township Building Authority issued \$440,000 General Obligation Limited Tax bonds for the construction of a law enforcement facility.

NOTE G - PARTIAL SELF-INSURANCE

The Township is a member of the Michigan Municipal Risk Management Authority. As a member of the Authority, the Township is partially self-insured for general and auto liability, motor vehicle physical damage and property loss claims. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 2,165,756	100
Liability	5,000,000	-0-
Errors and Omission	5,000,000	-0-
Law Enforcement	5,000,000	-0-
Automobiles	5,000,000	500
Crime	10,000	-0-
Inland Marine	147,000	250
Workmen's Compensation	STATUTORY	-0-

NOTE H - TOTALS (MEMORANDUM ONLY) COLUMN

The total column on the combined statements is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

**SUPPLEMENTARY
INFORMATION**

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF REVENUES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>2004</u>		Variance Favorable (Unfavorable)	Actual 2003
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Taxes and Assessments:				
General property taxes	\$ 210,921	\$ 220,794	\$ 9,873	\$ 214,921
Special assessment	<u>-0-</u>	<u>127,457</u>	<u>127,457</u>	<u>14,769</u>
Total Taxes and Assessments	<u>210,921</u>	<u>348,251</u>	<u>137,330</u>	<u>229,690</u>
Intergovernmental:				
State shared revenues	230,635	216,695	(13,940)	231,586
State swamp tax	<u>5,970</u>	<u>5,960</u>	<u>(10)</u>	<u>5,970</u>
Total Intergovernmental	<u>236,605</u>	<u>222,655</u>	<u>(13,950)</u>	<u>237,556</u>
Charges for Services:				
Fees	5,150	12,664	7,514	6,864
Rent	<u>500</u>	<u>725</u>	<u>225</u>	<u>625</u>
Total Charges for Services	<u>5,650</u>	<u>13,389</u>	<u>7,739</u>	<u>7,489</u>
Licenses and Permits	<u>70,000</u>	<u>68,023</u>	<u>(1,977)</u>	<u>76,150</u>
Interest	<u>7,000</u>	<u>626</u>	<u>(6,374)</u>	<u>3,550</u>
Other:				
Reimbursements	20,792	13,965	(6,827)	27,599
Fines and forfeitures	2,000	2,847	847	3,256
Miscellaneous	<u>125,877</u>	<u>601</u>	<u>(125,276)</u>	<u>136</u>
Total Other	<u>148,669</u>	<u>17,413</u>	<u>(131,256)</u>	<u>30,991</u>
Total Revenue	<u>\$ 678,845</u>	<u>\$ 670,357</u>	<u>\$ (8,488)</u>	<u>\$ 585,426</u>

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003
2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2003</u>
General Government				
Township Board:				
Salaries-board	\$ 5,550	\$ 5,250	\$ 300	\$ 9,698
Wages-receptionist	27,796	26,031	1,765	22,360
Wages-part-time	-0-	-0-	-0-	1,418
Payroll taxes	13,700	13,737	(37)	11,994
Legal fees	20,000	11,167	8,833	20,706
Professional services	12,000	6,576	5,424	6,596
Retirement	14,566	14,466	100	14,802
Repairs and maintenance	1,617	2,441	(824)	2,108
Health Insurance	36,205	15,638	20,567	23,185
Printing and publishing	2,250	983	1,267	1,204
Postage	5,000	3,630	1,370	5,086
Office supplies	2,000	1,150	850	994
Miscellaneous	29,628	465	29,163	5,344
Equipment	4,000	-0-	4,000	-0-
Total Township Board	<u>174,312</u>	<u>101,534</u>	<u>72,778</u>	<u>125,495</u>
Township Supervisor:				
Salary	21,927	21,927	-0-	21,927
Wages - Deputy	500	105	395	-0-
Fringe benefits	90	87	3	83
Office supplies	200	-0-	200	-0-
Communications	350	130	220	313
Miscellaneous	450	-0-	450	97
Equipment	500	-0-	500	-0-
Total Township Supervisor	<u>24,017</u>	<u>22,249</u>	<u>1,768</u>	<u>22,420</u>
Township Assessor:				
Salary	31,512	31,512	-0-	30,285
Field help	280	229	51	188
Fringe benefits	8,770	7,019	1,751	6,081
Notices and postage	2,250	1,847	403	1,907
Mileage	800	308	492	386
Office supplies	800	368	432	1,076
Repairs and maintenance	1,950	1,221	729	1,171
Miscellaneous	750	670	80	222
Equipment	3,600	-0-	3,600	1,566
Total Township Assessor	<u>50,712</u>	<u>43,174</u>	<u>7,538</u>	<u>42,882</u>

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	2004		Variance	Actual
	Budget	Actual	Favorable (Unfavorable)	2003
General Government (continued)				
Election Board:				
Wages	\$ 2,060	\$ -0-	\$ 2,060	\$ 4,764
Office supplies	700	368	332	2,240
Printing and Publishing	50	-0-	50	33
Equipment	500	-0-	500	-0-
Total Election Board	3,310	368	2,942	7,037
Township Clerk:				
Salary - clerk	29,230	29,230	-0-	28,380
Salary - deputy	4,800	4,701	99	4,222
Fringe benefits	202	142	60	614
Office supplies	1,000	514	486	726
Printing and publishing	3,400	2,738	662	2,706
Repairs and maintenance	2,150	3,917	(1,767)	549
Miscellaneous	650	580	70	345
Equipment	5,700	3,518	2,182	2,300
Total Township Clerk	47,132	45,340	1,792	39,842
Township Treasurer:				
Salary - treasurer	27,020	27,020	-0-	26,232
Salary - deputy	15,989	15,968	21	11,641
Fringe benefits	9,308	9,005	303	1,067
Office supplies	350	292	58	1,317
Tax statements	8,550	8,546	4	8,375
Repairs and maintenance	1,295	896	399	410
Miscellaneous	245	49	196	524
Equipment	1,400	1,350	50	-0-
Total Township Treasurer	64,157	63,126	1,031	49,566
Board of Review:				
Salaries	2,500	1,599	901	2,254
Legal	200	95	105	120
Miscellaneous	400	192	208	280
Total Board of Review	3,100	1,886	1,214	2,654

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	2004		Variance Favorable (Unfavorable)	Actual 2003
	Budget	Actual		
General Government (continued)				
Township Hall:				
Custodial wages	\$ 22,690	\$ 20,558	\$ 2,132	\$ 19,745
Fringe benefits	2,529	1,518	1,011	2,327
Utilities	5,000	4,041	959	5,081
Supplies	2,000	8,292	(6,292)	2,595
Insurance and bonds	11,100	11,001	99	9,127
Repairs and maintenance	5,381	5,049	332	16,782
Street lights	9,000	8,649	351	8,489
Communications	2,500	2,085	415	2,101
Miscellaneous	400	206	194	113
Equipment/building	<u>7,219</u>	<u>-0-</u>	<u>7,219</u>	<u>-0-</u>
Total Township Hall	<u>67,819</u>	<u>61,399</u>	<u>6,420</u>	<u>66,360</u>
Zoning:				
Salaries	8,275	8,275	-0-	5,395
Legal	1,300	1,267	33	1,539
Professional services	10,750	-0-	10,750	-0-
Miscellaneous	<u>890</u>	<u>630</u>	<u>260</u>	<u>708</u>
Total Zoning	<u>21,215</u>	<u>10,172</u>	<u>11,043</u>	<u>7,642</u>
Total General Government	<u>455,774</u>	<u>349,248</u>	<u>106,526</u>	<u>363,898</u>
Special Assessments:				
Road projects	<u>173,604</u>	<u>171,616</u>	<u>1,988</u>	<u>54,634</u>
Total Special Assessments	<u>173,604</u>	<u>171,616</u>	<u>1,988</u>	<u>54,634</u>

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	2004		Variance	Actual
	Budget	Actual	Favorable (Unfavorable)	2003
Building Administration:				
Salary	\$ 36,005	\$ 36,005	\$ -0-	\$ 34,611
Plumbing and mechanical inspector	18,000	17,678	322	18,587
Electrical inspector	13,000	11,918	1,082	12,626
Fringe benefits	2,500	2,426	74	2,302
Office supplies	1,170	2,024	(854)	1,167
Mileage	3,330	2,801	529	2,864
Miscellaneous	1,837	1,807	30	1,088
Equipment	2,478	-0-	2,478	1,566
Total Inspectors	<u>78,320</u>	<u>74,659</u>	<u>3,661</u>	<u>74,811</u>
Recreation:				
Custodian	5,898	5,894	4	4,083
Mileage	1,381	1,380	1	801
Repairs and maintenance	1,511	4,343	(2,832)	2,306
Building and grounds	9,710	-0-	9,710	4,891
Total Recreation	<u>18,500</u>	<u>11,617</u>	<u>6,883</u>	<u>12,081</u>
Transfer Out	<u>55,844</u>	<u>55,844</u>	<u>-0-</u>	<u>41,334</u>
Total Expenditures	<u>\$ 782,042</u>	<u>\$ 662,984</u>	<u>\$ 119,058</u>	<u>\$ 546,758</u>

TOWNSHIP OF GERRISH
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004

ASSETS	<u>Cemetery</u>	<u>Fire</u>	<u>Police</u>
Cash and investments	\$ 72,723	\$ 356,602	\$ 153,388
Taxes receivable	-0-	404,847	417,748
Accounts receivable	-0-	5,338	-0-
Due from other funds	-0-	-0-	-0-
Total Assets	<u>\$ 72,723</u>	<u>\$ 766,787</u>	<u>\$ 571,136</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ -0-	\$ 8,214	\$ 3,195
Due to other funds	-0-	-0-	14,333
Total Liabilities	<u>-0-</u>	<u>8,214</u>	<u>17,528</u>
Fund Balance:			
Undesignated	<u>72,723</u>	<u>758,573</u>	<u>553,608</u>
Total Fund Equity	<u>72,723</u>	<u>758,573</u>	<u>553,608</u>
Total Liabilities and Fund Equity	<u>\$ 72,723</u>	<u>\$ 766,787</u>	<u>\$ 571,136</u>

Sanitation Special Assessment Fund	Totals (Memorandum) (Only)
\$ 24,069	\$ 606,782
276,888	1,099,483
-0-	5,338
<u>78,201</u>	<u>78,201</u>
<u>\$ 379,158</u>	<u>\$ 1,789,804</u>

\$ 560	\$ 11,969
<u>-0-</u>	<u>14,333</u>
<u>560</u>	<u>26,302</u>
<u>378,598</u>	<u>1,763,502</u>
<u>378,598</u>	<u>1,763,502</u>
<u>\$ 379,158</u>	<u>\$ 1,789,804</u>

TOWNSHIP OF GERRISH
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004

	<u>Cemetery</u>	<u>Fire</u>	<u>Police</u>
Revenues:			
Taxes	\$ -0-	\$ 404,831	\$ 418,508
State	-0-	-0-	1,519
Charges for services	2,488	77,956	974
Interest	2,449	6,276	4,671
Other	<u>3,910</u>	<u>3,625</u>	<u>4,248</u>
Total Revenues	<u>8,847</u>	<u>492,688</u>	<u>429,920</u>
Expenditures:			
Personal service	2,320	201,870	271,243
Fringe benefits	-0-	29,609	64,449
Utilities	101	8,012	9,899
Vehicle	-0-	2,769	9,548
Office supplies	-0-	3,065	6,657
Training & education	894	5,956	3,720
Insurance	-0-	20,467	19,372
Supplies/repairs/maintenance	2,238	22,984	20,823
Professional services	120	16,532	10,040
Miscellaneous	-0-	3,381	4,034
Equipment/building	<u>-0-</u>	<u>120,881</u>	<u>18,721</u>
Total Expenditures	<u>5,673</u>	<u>435,256</u>	<u>438,506</u>
Excess:			
Revenues over (under) expenditures	<u>3,174</u>	<u>57,162</u>	<u>(8,586)</u>
Other financing sources (uses):			
Operating transfers in	-0-	-0-	-0-
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>(35,159)</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>(35,159)</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other uses	3,174	57,162	(43,745)
Fund Balance - April 1	<u>69,549</u>	<u>701,411</u>	<u>597,353</u>
Fund Balance - March 31	<u>\$ 72,723</u>	<u>\$ 758,573</u>	<u>\$ 553,608</u>

Sanitation Special Assessment Fund	Totals (Memorandum) (Only)
\$ 276,413	\$ 1,099,752
-0-	1,519
-0-	81,418
1,504	14,900
-0-	11,783
<u>277,917</u>	<u>1,209,372</u>
-0-	475,433
-0-	94,058
-0-	18,012
-0-	12,317
-0-	9,722
-0-	10,570
-0-	39,839
-0-	46,045
237,554	264,246
4,224	11,639
-0-	139,602
<u>241,778</u>	<u>1,121,483</u>
<u>36,139</u>	<u>87,889</u>
-0-	-0-
-0-	(35,159)
-0-	(35,159)
36,139	52,730
<u>342,459</u>	<u>1,710,772</u>
<u>\$ 378,598</u>	<u>\$ 1,763,502</u>

TOWNSHIP OF GERRISH
BUILDING AUTHORITY CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
YEAR ENDED MARCH 31, 2004 AND MARCH 31, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash and investments	\$ <u>115,596</u>	\$ <u>57,050</u>
Total Assets	\$ <u><u>115,596</u></u>	\$ <u><u>57,050</u></u>

FUND EQUITY

Designated to capital projects	\$ <u>115,596</u>	\$ <u>57,050</u>
Total Fund Equity	\$ <u><u>115,596</u></u>	\$ <u><u>57,050</u></u>

TOWNSHIP OF GERRISH
BUILDING AUTHORITY CAPITAL PROJECT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>2004</u>	<u>2003</u>
Revenue:		
Interest	\$ 3,837	\$ 5,504
Total Revenue	<u>3,837</u>	<u>5,504</u>
Expenditures:		
Debt service	<u>36,294</u>	<u>31,867</u>
Total Expenditures	<u>36,294</u>	<u>31,867</u>
Excess:		
Revenue over (under) expenditures	<u>(32,457)</u>	<u>(26,363)</u>
Other Financing Sources (Uses):		
Operating Transfer in	<u>91,003</u>	<u>52,018</u>
Total Other Financing Sources (Uses)	<u>91,003</u>	<u>52,018</u>
Excess:		
Revenue and other financing Sources over (under) expenditures	58,546	25,655
Fund balance - April 1	<u>57,050</u>	<u>31,395</u>
Fund balance - March 31	<u>\$ 115,596</u>	<u>\$ 57,050</u>

TOWNSHIP OF GERRISH
CURRENT TAX COLLECTIONS
BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash and investments	<u>\$ 1,375,401</u>
Total Assets	<u><u>\$ 1,375,401</u></u>

LIABILITIES

Undistributed collections	<u>\$ 1,375,401</u>
Total Liabilities	<u><u>\$ 1,375,401</u></u>

TOWNSHIP OF GERRISH
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED MARCH 31, 2004

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31</u>
<u>CURRENT TAX COLLECTIONS</u>				
ASSETS				
Cash and investments	<u>\$ 1,318,076</u>	<u>\$ 5,595,634</u>	<u>\$ 5,538,309</u>	<u>\$ 1,375,401</u>
Total Assets	<u>\$ 1,318,076</u>	<u>\$ 5,595,634</u>	<u>\$ 5,538,309</u>	<u>\$ 1,375,401</u>
LIABILITIES				
Undistributed collections	<u>\$ 1,318,076</u>	<u>\$ 5,595,634</u>	<u>\$ 5,538,309</u>	<u>\$ 1,375,401</u>
Total Liabilities	<u>\$ 1,318,076</u>	<u>\$ 5,595,634</u>	<u>\$ 5,538,309</u>	<u>\$ 1,375,401</u>



Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

July 7, 2004

Township Board
Gerrish Township
Roscommon County, Michigan

Dear Board:

We have audited the general purpose financial statements of Gerrish Township for the year ended March 31, 2004, and have issued our report thereon dated July 7, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Gerrish Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of Gerrish Township, in a separate letter dated July 7, 2004.

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Township Board
Gerrish Township
July 7, 2004

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gerrish Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Gerrish Township in a separate letter dated July 7, 2004.

This report is intended solely for the information of the audit committee, management, and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.



ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**GERRISH TOWNSHIP
REPORT TO MANAGEMENT
MARCH 31, 2004**



Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653
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July 7, 2004

Township Board
Gerrish Township
Roscommon, MI 48653

In planning and performing our audit of the financial statements of Gerrish Township as of and for the year ended March 31, 2004, we considered the Townships accounting, operational, and internal control procedures to determine the nature and extent of our audit testing for the purpose of expressing an opinion on the financial statements of the Township and not to provide assurance on the procedures themselves.

We did however, during the course of our audit, become aware of certain matters that are opportunities for enhancing those procedures or controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated July 7, 2004 on the financial statements of Gerrish Township.

We have already discussed these comments and suggestions with the Gerrish Township personnel, and we will be pleased to discuss them in further detail at your convenience, and/or to perform any additional studies of these matters, should you so desire.



ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GASB NO.34

Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements, Management's Discussion and Analysis for State and Local Government" is a wide sweeping change in how governments will report their financial information. This new reporting model requires the fixed assets of the Township to be reported and depreciated within the Comprehensive financial statements along with substantial changes in how the departments and funds of the Township would be reported. The implementation of this pronouncement is in three phases. Gerrish Township would fall into the third phase, requiring it to start reporting under this pronouncement in the year beginning April 1, 2004. The Township Board should create a committee which would include, but not be limited to, the Clerk and Treasurer to start preparing the Township for the new reporting and record keeping requirements.

CAPITAL OUTLAY

The Township is in the process of implementing procedures for record keeping and depreciating fixed assets acquired by the Township both past and current. Through our 2004 analysis several adjustments were made to reclassify non-capital outlay items that did not meet the criteria established by the committee. We recommend that the departmental and fund budgets be prepared in compliance with the capitalization policy established by the Township Board and the coding of the Township expenditures for capital items be applied consistently. Ultimately, only capital expenditures meeting the capitalization policy criteria should be in the capital accounts.